

APPROPRIATIONS ANALYSIS

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INTERIOR APPROPRIATIONS BILL MORE SPENDING - AND ANOTHER VETO THREAT (H.R. 2643)

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SUMMARY

The fiscal year 2008 Interior appropriations bill provides \$27.6 billion in net new discretionary budget authority, an increase of \$1.2 billion above the non-emergency 2007 level and \$1.9 billion, or 7.6 percent, above the President's 2008 budget request (see Table 1).

Under the Democrat budget resolution, (S.Con.Res. 21), total non-emergency discretionary spending will be increased by \$81.4 billion compared with 2007 (including \$26 billion for domestic programs) – growing more than 9 percent, or more than triple the inflation rate. This is on top of the \$6 billion Democrats added to the current-year omnibus, and the \$17 billion in non-war non-emergency spending they added to the Iraq war supplemental.

The President has stated he will veto H.R. 2643 if funded at its current level.

Table 1: Interior, Environment, and Related Agencies Appropriations
(fiscal years; millions of dollars)

| | 2007 Level ^a | President 2008 | 302(b) for 2008 | H.R. 2643 |
|--------------------------------|-------------------------|----------------|-----------------|-----------|
| Discretionary Budget Authority | 26,411 | 25,650 | 27,598 | 27,598 |
| Outlays | 27,573 | 27,624 | 28,513 | 28,496 |

^a Excludes supplementals.

COST AND BUDGET COMPLIANCE

As reported, the bill provides \$27.7 billion in budget authority [BA] and \$28.5 billion in outlays to fund activities of the Department of Agriculture's Forest Service, the Department of Interior, the Environmental Protection Agency, and a number of smaller agencies.

Of the \$27.2 billion in BA, \$54 million is mandatory BA used primarily to finance trust funds and grants. The bill also contains \$186 million in various changes to mandatory programs that effectively offset discretionary BA, including a \$30-million rescission in contract authority from the Land and Water Conservation Fund. In addition, the bill rescinds \$5 million from the State and Tribal Assistance Grant Program.

The bill provides BA equal to the subcommittee's 302(b) allocation but is \$17 million in outlays below its allocation. Therefore, the bill complies with the budget resolution and the Congressional Budget Act. It does not include any cap adjustments, emergency-designated spending, or advance appropriations.

This is the sixth appropriations bill to reach the House floor, and the fourth to exceed the President's request (the exceptions are State and Foreign Operations and Legislative Branch). The six bills cumulatively increase spending by \$8.1 billion over the President's request. For the six bills left to be introduced, there is \$756.6 billion remaining in the allocation to the Committee on Appropriations pursuant to the budget resolution (see Table 2).

Table 2: Cumulative Cost of Appropriations Bills
(fiscal years; discretionary budget authority in billions of dollars)

| | Fiscal Year 2008 Budget Authority | Fiscal Year 2008 President's Request | Dollar Increase Over President | Increase Over 2007 Enacted |
|-----------------------------------|--------------------------------------|---|-----------------------------------|-------------------------------|
| 302(a) Allocation | 954.1 ^a | 932.8 | 21.3 | 81.4 |
| Homeland Security | 36.3 | 34.2 | 2.1 | 4.4 |
| MilCon/VA | 64.7 | 60.7 | 4.0 | 15.0 |
| Energy and Water | 31.6 | 30.5 | 1.1 | 1.3 |
| State and Foreign Ops | 34.2 | 34.9 | -0.7 | 2.9 |
| Legislative Branch ^b | 3.1 | 3.4 | -0.3 | 0.1 |
| Interior and Environment | 27.6 | 25.7 | 1.9 | 1.2 |
| Total House-Passed to Date | 197.5 | 189.4 | 8.1 | 24.9 |

Note: Figures exclude supplementals.

^a Includes cap adjustment

^bExcluding Senate

DISCUSSION

As noted, the bill increases budget authority by \$1.2 billion above the regular 2007 enacted level and \$1.9 billion, or 7.6 percent, above the President's request. The increase may be more than the agencies funded in the bill can use in a timely or effective manner.

Key provisions in the bill include the following:

- **A 4.9-Percent Increase for the EPA.** The bill provides \$886 million for the Environmental Protection Agency, 4.9 percent above 2007 and 12 percent more than the President's request. In particular, the bill increases funding for the Clean Water State Revolving Fund [SRF], which supports local wastewater treatment systems, more than \$400 million, or 64 percent, above the President's request. The increase occurs even though Federal contributions to wastewater SRFs originally were viewed as a temporary step on the way to full State and local financing. The bill also provides \$140 million for new water-related special project grants, none of which was requested by the President.
- **A Reduction for Forest Service Wildfire Suppression.** Despite the large overall increase in Forest Service funding, H.R. 2643 underfunds the agency's wildfire suppression operations, providing \$52 million, or 6 percent, less than the President's request. Overall, the Forest Service receives nearly \$300 million (6 percent) more than

the 2007 level. This increase is \$451 million, or 11 percent, above the President's request.

- **A 7-Percent Boost for Fish and Wildlife.** The bill provides \$1.4 billion for the U.S. Fish and Wildlife Service. This is 10 percent, or \$131 million, above the President's request, and 7 percent over last year – more than double the rate of inflation.
- **Grants to States Increased by \$20 Million.** The bill adds \$48 million to the Land and Water Conservation Fund's State Recreation Grants program, an increase of \$20 million above the enacted 2007 level. The program provides grants to pay for improvements to State and local parks. The President's 2008 budget proposed terminating the program.
- **A Rescission from Land and Water Conservation.** The measure rescinds \$30 million in contract authority from the Land and Water Conservation Fund [LCWF], but there are no associated outlay savings. The fund is the principal source of Federal funds for land acquisition for outdoor recreation, grants to States for recreational planning, and other purposes. The subcommittee is authorized to appropriate up to \$30 million of this mandatory spending authority as contract authority; rescinding it – as has been done in recent years – affords the subcommittee additional budget authority. The President's 2008 budget proposed permanently canceling the LWCF's authorization to use this contract authority.
- **A \$940,000 Increase for Minerals Management.** The bill provides approximately \$297 million in budgetary resources for the Minerals Management Service, including \$154 million in direct appropriations for the offshore minerals and royalty management activities. This is \$1.5 million below the request but \$940,000 above the regular 2007 level, excluding the effect of two changes to mandatory programs totaling \$93 million in BA. Moreover, the bill reduces the Coastal Impact Assistance Fund by 3 percent from 2008 through 2010, and moves the funds to the Mineral Management Services Royalty and Offshore Minerals Management administrative account. This reduces the transfers to States under the fund by \$8 million in BA and outlays, and increases administrative funding by an equivalent amount.
- **An Increase Above the President for the Payment In Lieu of Taxes [PILT] Program.** The bill adds \$42.5 million (23 percent) to the President's request for Interior's PILT program. PILT provides payments to local governments in certain counties that have Federal lands within their boundaries and lose tax revenue as a result. The President's 2008 budget proposed reducing funding for this program, in part because mineral revenue payments from use of these Federal lands have increased thereby reducing the need for PILT.

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